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OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
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Office

S.B. 127
133rd General Assembly

Fiscal Note & Local Impact Statement

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Version: As Introduced

Primary Sponsors: Sens. Uecker and Yuko

Local Impact Statement Procedure Required: No

Shannon Pleiman, Senior Budget Analyst

Highlights

- The bill creates a new chapter of law regulating conveyance services, increasing costs paid from the Industrial Compliance Fund (Fund 5560) used by the Division of Industrial Compliance in the Department of Commerce to pay for regulating various trades. The new costs would be for (1) licensing elevator mechanics and contractors and (2) employing new inspectors and a program administrator. License fees are to be set by the Division and would be renewed biennially.
- There could be approximately 1,000 individuals and entities in the elevator-related trades subject to licensure under the bill, possibly requiring the Division of Industrial Compliance to hire three or four more inspectors and one additional program administrator. If so, pay and fringe benefit costs would be between \$66,000 and \$80,000 per inspector annually. The program administrator's payroll costs would be between \$83,000 and \$97,000 annually.

Detailed Analysis

Overview

The Board of Building Standards (BBS) under the Division of Industrial Compliance within the Department of Commerce will incur additional costs to implement the new chapter of law created by the bill that is based on Revision 1 of National Elevator Industry, Inc.'s Model Elevator Law. The increased costs for the Division will for the most part come from (1) the requirement to license individuals employed as elevator mechanics and contractors, and (2) the requirement to administer and adopt rules pertaining to the issuance and renewal of these licenses. The Division would also incur some additional costs to reimburse members of the newly created Elevator Safety Review Board for their expenses. The increased costs will likely be paid from the Industrial Compliance Fund (Fund 5560), which funds other sections housed

under the Division. However, these costs will likely be offset from license fees to be established by the Division. According to the Department, there are around 33,000 elevators, escalators, and commercially installed accessibility units in the state. The Department estimates that approximately 1,000 individuals and entities would be subject to licensing under the bill.

Licensing elevator mechanics and elevator contractors

The bill requires a person or business entity that provides conveyance services (erecting, constructing, installing, altering, servicing, repairing, dismantling, removing, or maintaining a conveyance) in buildings or structures to be licensed by the Division as an elevator mechanic or elevator contractor. Under current law, regulation of elevators is overseen by BBS, and only elevator inspectors are required to be licensed. The Department estimates that it will have to license 1,000 individuals and entities as elevator mechanics and contractors under the bill. The new regulatory costs would presumably be offset by licensing fees which are to be established by the Division, as well as fines. The bill establishes a maximum potential fine of \$1,500, a potential jail sentence of up to 30 days, or both, for violations of the law. License fees and fines will be deposited into Fund 5560.

Administration and enforcement

The Division will incur administrative costs for administering and adopting rules on the issuance and renewal of these licenses. Most of the additional costs would be for new staff. The new regulatory responsibilities would involve the following: (1) assisting in the development of public awareness programs, (2) monitoring inspections and testing in order to ensure performance by licensees, (3) establishing fee schedules, and (4) setting standards for the approval of license testing agencies and continuing education. As a result, the Department anticipates that it will need to hire three to four inspectors and one program administrator to enforce the new regulations. The Division currently employs 63 elevator inspectors.

Based on the state's employee classification plan, if the elevator inspectors are hired at the starting annual salary of approximately \$51,000 it will bring the Division's potential payroll costs to between \$66,000 and \$80,000 per employee. This includes \$7,140 (14% of annual salary to cover the employer's share of retirement) and the employer's share of health insurance (\$7,830 for single coverage or \$21,494 for family coverage). A program administrator has an annual starting salary of approximately \$66,000. Including the employer's share of retirement as noted above and employer's share of health insurance (\$7,830 for single coverage and \$21,494 for family coverage) would bring the total annual payroll cost for that position to approximately \$83,000 to \$97,000. These costs would be paid from Fund 5560.

Elevator Safety Review Board

Lastly, the bill creates the Elevator Safety Review Board within BBS to investigate violations of the new licensing chapter, hold disciplinary hearings, and assess penalties for violations as needed. The Elevator Safety Review Board would consist of nine members serving without a salary, although they would be reimbursed for all expenses necessary in the performance of their duties. Consequently, there will be some small increase in reimbursement expenses, with the costs being paid from Fund 5560.